GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:6096
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Wholesale and Retail Inflation
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government has noticed the high rise in wholesale and retail inflations in the current year in the country, if so, whether the high price rise of vegetables, fruits, wheat, sugar and many more items as well as the cost of services is the cause behind rising wholesale and retail inflations;
(b) whether the Government has any scheme to control wholesale and retail inflation rates, if so, the steps being taken by the Government to control the inflations and ensure the supply of food items;
(c) whether it is a fact that there is a big difference between the prices of essential commodities in retail and wholesale markets and if so, the average margin in this regard; and
(d) whether it is also a fact that there is also a big margin between the cost of production and retail price and if so, the average difference of prices?

Answer

(a) : The Wholesale Price Index (WPI) based inflation increased to 5.2 per cent in January, 2017 and 6.5 per cent in February 2017 from 3.7 per cent in December, 2016 mainly due to low base effect and rise in 'fuel & power' inflation reflecting hike in global crude oil prices. Inflation based on CPI (combined) has been declining continuously for the last six months, but recorded marginal increase of 3.7 per cent in the month of February, 2017 mainly due to food items and low base effect.

The month-wise inflation of various food items based on WPI and CPI (combined) during the last six months is given in Table below:

Table : Inflation based on WPI and CPI (combined) (in per cent)

WPI/ CPI Items	16-Sep	16-Oct	16-Nov	16-Dec	17-Jan	17-Feb
WPI Vegetables	-10.9	-10.0	-23.7	-34.9	-32.3	-8.1
Fruits	14.1	6.0	2.4	-1.5	3.6	7.1
Wheat	10.0	9.2	13.8	15.8	9.5	8.4
Sugar	32.9	30.9	32.0	28.1	22.8	21.2
WPI All Commodities	3.8	3.8	3.4	3.7	5.3	6.6
CPI Vegetables	-7.1	-5.7	-10.4	-14.6	-15.6	-8.3
Fruits	6.0	4.4	4.6	4.8	5.8	8.3
Wheat	4.9	5.1	6.9	8.2	8.4	8.1
Sugar	29.8	26.9	25.5	23.5	20.8	20.6
CPI All Commodities	4.4	4.2	3.6	3.4	3.2	3.7

Source: Department of Industrial Policy & Promotion and Central Statistics Office.

Note: WPI inflation for the last two months and CPI (combined) inflation for the last one month is provisional.
(b) : Government, inter alia, undertakes appropriate monetary and fiscal measures to control wholesale and retail inflation rate. To moderate inflation and improve supply of food items Government has taken various measures from time to time including appropriately utilizing trade and fiscal policy instruments like import and export duty, Minimum Export Price, export restrictions etc. to regulate domestic availability and moderate prices; imposition of stock limits; and provision of higher Minimum Support Prices to incentivize farmers for increasing production. Besides, Government is also implementing Price Stabilisation Fund (PSF) scheme for creation of buffer stock for effective market intervention to help moderate the volatility in prices of agri-horticultural commodities including onion, potato and pulses.
(c) & (d) : The difference between the prices of essential commodities in retail and wholesale market as well as the cost of production and retail price varies due to various factors such as transportation cost, loading/unloading expenses, grading/sorting, wholesaler's margin, wastages during movement/weighing, location of retail shops, fixed overhead expenses of retailers and margin of retailers etc.
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